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SOCIAL AND GOVERNANCE SUSTAINABILITY REPORTING AND MARKET PERFORMANCE OF QUOTED MANUFACTURING COMPANIES IN NIGERIA

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Abstract

Market performance of listed firms in Nigeria remains constrained by inadequate transparency, weak disclosure practices, and limited investor confidence, resulting in suboptimal firm valuation and reduced market efficiency. Therefore, the study examined the effect of social and governance sustainability reporting on market performance of listed manufacturing firms in Nigeria from 2015 to 2024, using an ex-post facto design and secondary data from the annual reports and accounts of 37 out of 76 manufacturing firms in Nigeria. A panel regression was used to analyse the data. The findings showed that social and governance sustainability reporting have a positive and significant effect on market performance of listed manufacturing firms in Nigeria for the period under study. The study concludes that social and governance sustainability reporting influence market performance. It therefore recommends that the regulatory agencies such as Financial Reporting Council of Nigeria, the Nigerian Exchange Group and Security and Exchange Commission, should enforce standardized social and governance disclosure frameworks with strict compliance monitoring, periodic audits, and annual reviews, while supporting firms through incentives, digital reporting systems, and capacity-building to enhance transparency and market valuation.

Keywork: Governance, Social Sustainability Reporting and Market Performance

Introduction

Global market performance continues to be shaped by increasing uncertainty, intensified competition, and rising demands for corporate accountability and transparency, where investors now place greater emphasis not only on financial indicators but also on non-financial disclosures that reflect firms’ sustainability orientation and governance quality. As capital markets evolve, firms are increasingly required to provide credible social and governance-related information to reduce information asymmetry, strengthen stakeholder trust, and enhance market valuation in both emerging and developed economies (Qamruzzaman et al., 2021; Atanda et al., 2021; Buallay et al., 2021).

In Nigeria, these pressures are more evident within the manufacturing sector, where firms operate under challenging macroeconomic conditions such as exchange rate volatility, regulatory inefficiencies, infrastructural deficits, and weak corporate reporting systems. These challenges often contribute to poor information transparency, which in turn affects investor perception and leads to inefficiencies in market pricing and firm valuation. Consequently, social and governance sustainability reporting has become a critical mechanism for improving disclosure quality, reducing uncertainty, and enhancing investor confidence in listed manufacturing firms.

Social disclosure refers to the communication of firms' social responsibility activities, including employee welfare, community development, health and safety practices, and stakeholder engagement, which signals ethical responsibility and social legitimacy to investors. Empirical evidence from prior studies such as Worokinasih and Zaini (2020), Machali (2020), Fahad and Busru (2021), Atanda et al. (2021), Buallay et al. (2021) and Qamruzzaman et al. (2021) generally suggests that social disclosure enhances market performance by improving corporate reputation and investor trust, although some studies report mixed outcomes depending on measurement approaches and institutional contexts. These variations indicate that while social disclosure is increasingly valued by investors, its market implications may differ across sectors and economies.

Governance disclosure, on the other hand, involves the reporting of corporate governance practices such as board structure, audit quality, ownership transparency, executive accountability, and internal control systems, which signal effective management oversight and reduced agency risk. Studies by Hussein (2021), Constantinescu (2021), Khanifa et al. (2020), Assidi (2020), Oladeji and Agbesanya (2019), and Worokinasih and Zaini (2020) provide evidence that governance disclosure improves market performance by strengthening investor confidence and enhancing perceived firm credibility, although the magnitude and direction of these effects vary across institutional environments.

Despite growing interest in sustainability reporting, existing literature on social and governance disclosure and market performance remains fragmented. Many studies have focused on either social or governance disclosure independently, relied on composite ESG measures, or examined cross-country samples that limit context-specific interpretation. Additionally, much of the existing evidence is based on earlier periods and does not fully capture recent market developments and reporting reforms, particularly in emerging economies like Nigeria. Methodological limitations such as cross-sectional designs and broad sectoral coverage further constrain the understanding of long-term effects within specific industries such as manufacturing.

Theoretically, while Stakeholder Theory provides useful explanations for how social legitimacy and governance mechanisms influence firm value, many prior studies have not integrated both disclosure dimensions within a unified empirical framework to explain market performance. Consequently, there remains a gap in disaggregated, sector-specific, and recent empirical evidence on how social and governance sustainability reporting jointly affect market performance in Nigeria's manufacturing sector.

This study addresses these gaps by examining the effect of social and governance sustainability reporting on market performance of listed manufacturing firms in Nigeria, using a multiple panel regression technique over the period 2015–2024. The study provides updated, context-specific evidence that enhances understanding of how non-financial disclosures influence investor perception and firm valuation in an emerging market setting.

Therefore, the main objective of this study is to examine the effect of social and governance sustainability reporting on market performance of listed manufacturing firms in Nigeria. Other specific objectives are to;

i. Evaluate the effect of social disclosure on market performance of manufacturing firms in Nigeria
ii. Investigate the extent governance disclosure influence market performance of manufacturing firms in Nigeria.

Conceptual Framework

Concept of Market Performance

Market performance referred to the changes in the aggregate stock and economic values of firms and serves as an important indicator of the health of individual companies, specific sectors, and the overall economy. Movements in stock prices and market indices provided signals to investors regarding future market trends and reflected market perceptions about firms' prospects. Unlike accounting performance measures such as return on assets, return on equity, return on investment, and return on capital, which relied on historical accounting data, market performance was assessed using market-based indicators such as market capitalisation, stock returns, share prices, firm value, market value added, and economic value added. These measures captured investors' expectations and reflected both managerial effectiveness and shareholder wealth creation. In this study, market performance was measured using Tobin's Q, which had been widely applied as a measure of firm value (Ferchichi & Paturel, 2013). Tobin's Q, originally proposed by Tobin (1969), represented the market valuation of a firm relative to the value of its tangible assets and served as a proxy for competitive advantage and intellectual capital (Montgomery & Wernerfelt, 1988; Yermack, 1996; Gompers et al., 2003).

Tobin's Q was considered a forward-looking measure because it was based on stock market valuations and reflected the expectations of external stakeholders regarding a firm's future performance (Orlitzky et al., 2003). It was also useful for comparing firms across industries because it was not significantly affected by accounting conventions (Chakravarthy, 1986). Consequently, it has been extensively adopted in economic, accounting, and finance literature as a reliable indicator of market performance and firm value (Fooladi et al., 2013; Utama & Utama, 2014; Wang et al., 2019; Alqatan et al., 2019; Enache & Hussainey, 2019). Tobin's Q measured the relationship between a firm's market value and the replacement cost of its assets (Sahay & Pillai, 2009), and it had been recognised as a predictor of market correction and investment behaviour (Cooper & Ejarque, 2003; Pett, 2013). Firms with higher Tobin's Q values were perceived to possess greater growth opportunities and stronger market valuation (Jahani et al., 2013). Due to data limitations, the study adopted a substitute measure of Tobin's Q calculated as the sum of market value and total debt divided by total assets (Sweety & Mandeep, 2014). This measure was preferred because it reflected long-term firm value more effectively than accounting-based indicators such as ROE and EPS (Haj-Salem, 2020).

Tobin's Q is defined as the ratio of the firm's replacement value and the firm's total assets. The replacement value is defined as the sum of the firm's market value and total debts. Tobin's Q is calculated as TBQ = (Market value + Total debts)/Total Assets

Sustainability Reporting

Sustainability reporting referred to the disclosure of a firm's environmental, social, and governance (ESG) activities aimed at demonstrating accountability, transparency, and long-term value creation for stakeholders. It had provided information on how companies managed non-financial issues such as employee welfare, community development, environmental protection, and corporate governance practices, which were increasingly recognised as key drivers of firm value and investor confidence (Mainoma et al., 2026; Igbinovia & Agbadua, 2023). Recent empirical studies in Nigeria have shown that sustainability reporting significantly influenced firm value and financial outcomes in manufacturing firms, although the effects varied across ESG dimensions, with social and governance disclosures often receiving particular attention due to their direct link to stakeholder relations and corporate reputation (Amu et al., 2025; Omotoso et al., 2024).

This study focused specifically on social sustainability reporting and governance sustainability reporting because emerging evidence has indicated that these two dimensions played a more direct and measurable role in shaping market performance compared to environmental disclosures in the Nigerian manufacturing sector. Social reporting captured employee welfare, labour practices, community engagement and human rights issues, which have been shown to enhance stakeholder trust and market valuation (Mainoma et al., 2026). Similarly, governance reporting reflected board structure, accountability, transparency and ethical management practices, which have been found to strengthen investor confidence and improve firm credibility in capital markets (Oloruntoba & Danjuma, 2026). Therefore, concentrating on these two dimensions has provided clearer insight into how internal organisational practices influenced market performance, particularly Tobin's Q, among listed manufacturing firms in Nigeria, where evidence on ESG impacts remained mixed and context-dependent.

Social Sustainability Reporting

Social sustainability reporting involved the disclosure of a firm's social activities aimed at improving societal welfare and reducing negative social impacts arising from its operations. It encompassed initiatives such as charitable contributions, reduction of social inequality, protection of human rights, employee health and safety, labour practices, training and development, and workplace equality (Chow & Chen, 2012). Corporate Social Responsibility (CSR) was viewed as a moral obligation of firms to stakeholders, where organisations were expected not only to generate profit but also to contribute to community development and social well-being (Barnea et al., 2013). Social disclosures therefore covered internal stakeholders, such as employees through fair wages, safe working conditions, and equal opportunities, as well as external stakeholders through anti-corruption practices, consumer protection, and responsible product labeling (Rodriguez & Fernandez, 2015).

Social sustainability reporting was also recognised as a key component of the broader sustainability framework that balanced economic, environmental, and social objectives. Firms that engaged in social responsibility practices were found to benefit from improved stakeholder relationship, enhanced corporate reputation, increased revenue growth and reduced operational costs (Lougee & Wallace, 2008; Lev, 2010). It was further argued under stakeholder theory that strong social performance positively influenced financial performance through improved stakeholder satisfaction (Freeman, 1984; Waddock & Graves, 1997). In addition, social sustainability helped firms preserve societal values and ensure that business operations supported both present and future generations (Dempsey, et al., 2011). It was also explained by resource-based and institutional theories, which suggested that firms engaged in social activities to build competitive resources and respond to stakeholder and institutional pressures. Ultimately, social sustainability reporting was considered essential for risk reduction, improved brand value, and long-term corporate success, as consumers increasingly favoured socially responsible firms (Morelli, 2011; Suki, 2013).

Governance Sustainability Reporting

Corporate governance plays a central role in sustainability reporting by ensuring transparency, accountability, and effective stakeholder engagement within organisations. Weak governance structures have been linked to major financial crises, highlighting the importance of strong oversight mechanisms in safeguarding corporate stability and sustainability. Drawing on agency theory, Jensen and Meckling (1976) explain that governance structures help align the interests of managers and shareholders, thereby reducing agency costs and improving performance. Studies also show that effective corporate governance enhances CSR performance, ethical conduct and financial outcomes through improved monitoring by boards of directors (Al-Malkawi & Bhatti, 2014; Krafft, 2013). Furthermore, governance systems, both internal and external, promote transparency, investor confidence and long-term value creation by regulating decision-making, ensuring compliance and supporting sustainable development goals within firms (Lutui & Ahokovi, 2017; Sreeti, 2012).

Empirical Review

Social Disclosure and Market Performance

Qamruzzaman et al. (2021) evaluated the potential impact of voluntary information disclosure on the value of firms listed on the Dhaka Stock Exchange for the period 2017–2019. The study applies GLS and system-GMM (Two-stage) estimation for detecting the magnitude of voluntary disclosure information on the firms' value. Study findings reveal a positive and significant relationship between voluntary disclosure relating to financial statistics, social responsibility disclosure and the firms' value as measured by Tobin's Q. Study findings suggest that the impact of voluntary disclosure on the value of the firms varies with the appropriate selection of proxy measures. Issues of external validity arise because of differences in the legal and operating environments in Bangladesh and Nigeria. The previous study applied the GLS and GMM methods to obtain data while the current study used content analysis to extract social and governance disclosure information from the annual reports of financial service firms.

Atanda et al. (2021) examined the effect of sustainability disclosure on firm value. The study obtained data from ten randomly selected listed deposit money banks, covering the period 2014-2018. The study employed qualitative content analysis, using the information obtained from audited reports and accounts, to measure overall sustainability disclosure index and its three dimensions (environmental, social and economic). The data was analysed by descriptive tools and ordinary least square fixed-effects regression. The results found consistent and strong evidence that banks with high overall sustainability and environmental sustainability disclosure had low firm values. However, social sustainability disclosure was observed to have exerted a more pronounced positive impact on firm value. The previous study covered five years from 2014 to 2018, while the current study covered ten years from 2011 to 2020. Furthermore, the current study covered manufacturing firms in Nigeria, while the previous study covered only deposit money banks.

Fahad and Busru (2021) assessed the effect of corporate social responsibility (CSR) disclosure on firm performance, considering both firm profitability and firm value in the emerging market of India. The study examined the effect of CSR disclosure on firm performance using panel regression for the final sample that consisted of 386 companies listed in the BSE 500 index, India for ten years from 2007–2016. The results showed a trend toward a negative effect of CSR disclosure on firm profitability and value in India. The previous study was not sector-specific while the current study is specific to the manufacturing firms in Nigeria. Issues of external validity also arise as a result of differences in the operating environment between India and Nigeria.

Buallay et al. (2021) investigated the relationship between corporate social responsibility (CSR) disclosure and firms' operational, financial and market performance measured in the form of return on assets (ROA), return on equity (ROE) and Tobin's Q (TQ), in the Mediterranean countries. Research was quantitative in nature, based on a cross-sectional and time-series analysis of 203 firms listed in six Mediterranean countries for 10 years from 2008 to 2017, with 1,689 observations. The findings revealed that CSR disclosure negatively affects operational and market performance but does not affect financial performance. The previous study was not sector-specific, while the current study was specific to the manufacturing sector.

Worokinasih and Zaini (2020) determined the effect of Good Corporate Governance (GCG) and CSR disclosure on company value. Using a sample of 13 mining companies listed on the Indonesia Stock Exchange and the Partial Least Square (PLS) technique, the result showed that corporate social responsibility disclosure did not have a significant effect on corporate value. The previous study was sector -specific to the mining sector, while the current study focused on manufacturing firms in Nigeria. The previous study used PLS technique, while the current study used the multiple regression technique.

Machali (2020) analysed the effect of environmental and social disclosure (ESD) on firm value (FV) with financial performance (FP) as an intervening variable. The population included companies involved in the Indonesia Sustainability Reporting Award (ISRA), while the samples covered 15 companies that participated in the ISRA during the period starting from 2013 to 2016, with 60 observations. The result of this study showed that the direct effect of environmental and social disclosure on Firm Value was not significant. The previous study covered a period of four years and was not sector-specific, while the current study covered a period of ten years and focused on the financial service sector. Issues of external validity may also arise.

Governance Disclosure and Market Performance

Hussein (2021) investigated the impact of board governance disclosure on firm value in light of the Board of Directors' report and the Egyptian corporate governance code. A fixed effects regression was employed to examine the influence of corporate governance disclosure on firm value. The study used panel data for 65 non–financial companies listed on the Egyptian Stock Exchange within the EGX 100 index during the period 2015-2020. Firm value was measured using accounting and economic indicators namely Tobin's Q and MTV as economic metrics, ROA, ROE and stock returns as accounting measures. The empirical results showed a significant association between board governance disclosure and firm value. The previous study was very robust in the use of multiple proxies to measure firm value but considered only governance disclosure as an independent variable while the current study is more robust in the number of independent variables which are examined as influencing firm value namely governance disclosure and social disclosure.

Issues of external validity may arise as the previous study was carried out in Egypt, though also a developing economy. The previous study covered non-financial firms while the current study covers the manufacturing firms in Nigeria. The current study uses the sustainability report index to measure CGD while the previous study used selected board attributes.

Constantinescu (2021) assessed the possibility of an association between ESG factors and a firm's value by developing two linear regression models. The data used for the research was collected from the Thomson Reuters platform based on the top 100 Global Energy Leaders established by the analysts from Thomson Reuters. The financial information measuring the firm's value for the companies in the sample was also obtained from the Thomson Reuters Eikon platform and where the information was not available on the platform (total assets and cash and cash equivalents), it was collected from the company's published annual reports. The period covered was 2015-2018. The results of the study revealed an association between ESG factor disclosure and a firm's value. The previous study covered global energy companies and covered a period of four years, 2015-2018, while the current study covered the manufacturing firms in Nigeria and covered ten years from 2012-2021.

Worokinasih and Zaini (2020) evaluated the effect of good corporate governance and CSR disclosure on company value. Using a sample of 13 mining companies listed on the Indonesia Stock Exchange and the Partial Least Square (PLS) technique. The result showed that good corporate governance has a positive and significant effect on corporate value. The previous study was sector -specific to the mining sector, while the current study was sector-specific to the manufacturing firms. The previous study used the PLS technique, while the current study used the multiple regression technique.

Khanifa et al. (2020) examined the effect of corporate governance disclosure on bank performance by building a corporate governance disclosure index (CGDI) for 10 Islamic banks operating in Iran, Saudi Arabia and Malaysia. Using secondary data from annual reports and from the official websites of each bank and also Iran Exchange, Stock Market Quotes and Financial News, as well as Bursa Malaysia. The study used content analysis to extract the data from the annual reports over a period of five years (2014-2018). The results showed that Islamic banks complied with 72.4% of the attributes discussed in the CGDI. The most frequently reported and disclosed elements were the board structure and audit committee. The regression results showed that Islamic banks with a higher level of corporate governance disclosure reported high operating performance measured by ROA. The financial performance of ROE and Tobin's q was not significantly related to the disclosure of sharia bank governance. While the previous study covered five years, the current study covered ten years. The previous study covered three countries, which makes it more robust. The current study is more robust in terms of the number of independent variables (aspects of voluntary disclosure) that are examined to determine their relationship with firm value.

Assidi (2020) examined how voluntary disclosures and corporate governance improve firm value through the moderating effect of a legal change in a continental context, namely, France. Based on a sample of 1001 observations of French firms listed on the SBF 120 from 2006 to 2016. The study used the generalised method of moments estimation to neutralise the endogeneity problem. The study estimated five different models and the models were tested by splitting the sample into sectors to check the robustness of the estimations. The findings of the study revealed that corporate governance disclosure is positively associated with firm value. The previous study is not sector-specific; the current study is specific to the manufacturing firms in Nigeria. Issues of external validity may also arise from differences in the operating environments of the two countries of the domain.

Oladeji and Agbesanya (2019) examined the effects of corporate governance indicators on firms' value using secondary data obtained from the published annual reports and accounts of 20 quoted companies on the Nigeria Stock Exchange for eight financial years (2009 to 2016). The data were analysed using least square regression. The study found a positive and significant relationship exists between corporate governance indicators and firms' value. The previous study used board attributes as a measure of CGD, while the current study used the sustainability index to measure CGD. The previous study is not sector-specific, while the current study focuses on the manufacturing firms in Nigeria.

Theoretical Framework

Stakeholder Theory

Stakeholder Theory, developed by R. Edward Freeman (1984), posits that firms are responsible not only to shareholders but also to a wide range of stakeholders including employees, customers, suppliers, government, and the community. The central thrust of the theory is that organizational success depends on how well a firm manages and satisfies the interests of these diverse stakeholder groups through transparent and responsible practices. In relation to social and governance sustainability reporting, the theory explains that listed manufacturing firms in Nigeria disclose social sustainability information (such as employee welfare, community engagement, and health and safety practices) and governance sustainability information (such as board independence, accountability, and ethical compliance) to meet stakeholder expectations and build trust, which ultimately enhances market performance. Empirical studies such as Okpala and Iredele (2020) and Odoemelam and Okafor (2018) support the view that improved sustainability disclosure strengthens investor confidence and firm value. However, a key criticism of stakeholder theory is that it is often too broad and lacks clear prioritization of stakeholder groups, making it difficult for managers to balance competing interests effectively (Scherer & Palazzo, 2019). Despite this limitation, the theory remains highly relevant to this study because it directly links sustainability disclosures to improved stakeholder relationships and market performance in emerging economies like Nigeria.

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Methodology

The study adopts an ex-post facto research design, using panel data from listed manufacturing firms on the Nigerian Exchange Group (NGX), to examine the effect of social and governance sustainability reporting on the market performance of listed manufacturing firms in Nigeria. The population comprises 76 quoted manufacturing firms, from which 37 were selected based on data availability, continuous listing status as of 31 December 2025 and the presence of required financial and market information, generating 370 firm-year observations over the period 2015–2024 (NGX Fact Book, 2025). Secondary data were elicited from audited annual reports and accounts, while social disclosure was measured through disclosure index, while governance disclosure was measured through disclosure index, consistent with IFRS Sustainability Disclosure Standards. Content analysis with a binary scoring system (0 = no disclosure; 1 = disclosure) was employed to quantify disclosure levels. Panel regression analysis was used to test the study hypotheses, supported by diagnostic tests including descriptive statistics, correlation matrix, multicollinearity, normality, heteroscedasticity and the Hausman specification test to ensure model reliability and robustness.

Haven established the techniques for the analysis, the linear model (1) that depicts the relationship between the market performance (dependent variable) and social and governance disclosure (independent variable). This study adopted the model from the study of Buallay et al. (2021) and Hussein (2021) which is stated thus:

$$MPF_{it} = \beta0 + \beta_1 SOD_{it} + \beta_2 GOD_{it} + \varepsilon it \ldots\ldots (i)$$

Where; β0 = Intercept Point β1 – β2 = Respective Coefficient of Independent & Moderating Variables.

MPF	=	Market Performance
SOD	=	Social Disclosure
GOD	=	Governance Disclosure
$\beta_1 - \beta_2$	=	Coefficient of variables
ε_{it}	=	Error term

Decision Rules

The decision rule to test the hypothesis of the study is as follows: If the prob-value of the t-coefficient is less than 5% (0.05), the null hypothesis is rejected, otherwise, accept.

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Table 1: Definitions and Sources of Variables

S/N	Variable	Type	Measurement	Source
1	Market Performance (MPF)	Dependent Variable	Tobin's Q, which is defined as the ratio of the firm's market value to its accounting (book) value	Buallay et al. (2021), Hussein (2021) and Qamruzzaman et al. (2021)
2	Social Disclosure (SOD)	Independent Variable	1 if Disclosed, 0 if not disclosed. Sum of all the items disclosed divided by the maximum number of items that can possibly be disclosed to give an index.	Atanda et al. (2021) and Qamruzzaman et al. (2021)
3	Governance Disclosure (GOD)	Independent Variable	1 if Disclosed, 0 if not disclosed. Sum of all the items disclosed divided by the maximum number of items that can possibly be disclosed to give an index.	Hussein (2021) and Khanifa et al. (2020)

Source: Researcher's Compilation (2026)

Result and Discussion

Table 2: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max	Skewness	Kurtosis
Market Performance (MPF)	370	.47735	.1835151	.112639	.784016	-.269751	1.90558
Social Disclosure (SOD)	370	.1635894	.141351	.012548	.68286	1.55378	4.97215
Governance Disclosure (GOD)	370	.47735	.1835151	.112639	.784016	-.269751	1.90558

Source: Stata 13 Output (2026)

Table 2 presents the descriptive statistics of the study variables and shows that listed manufacturing firms recorded an average market performance of 0.47735, while the mean values of social disclosure and governance disclosure were 0.16359 and 0.47735 respectively. The standard deviation values indicate moderate variation among the firms, suggesting differences in the level of market performance and sustainability disclosure practices across the sampled companies. The minimum and maximum values further confirm that some firms reported very low disclosure levels while others performed relatively better. In terms of distribution, market performance and governance disclosure exhibited slight negative skewness, whereas social disclosure was positively skewed, while the kurtosis values suggest that the variables do not exhibit serious abnormality. Therefore, the result indicates a fairly distributed dataset suitable for further econometric analysis.

Table 3: Correlation Matrix

	Market Performance (MPF)	Social Disclosure (SOD)	Governance Disclosure (GOD)
Market Performance (MPF)	1.0000		
Social Disclosure (SOD)	0.1852	1.0000	
Governance Disclosure (GOD)	-0.0309	-0.0788	1.0000

Source: Stata 13 output (2026)

Table 3 presents the correlation matrix for market performance, social disclosure, and governance disclosure among the sampled firms. The result shows that social disclosure has a positive but weak relationship with market performance (r = 0.1852), suggesting that increased social disclosure is associated with a slight improvement in market performance. In contrast, governance disclosure has a very weak negative relationship with market performance (r = -0.0309), while the relationship between social disclosure and governance disclosure is also weak and negative (r = -0.0788). Overall, the low correlation coefficients indicate the absence of multicollinearity among the explanatory variables and confirm their suitability for further regression analysis.

Post Residual Diagnostic Tests

Table 4: Variance Inflation Factor

	VIF	**1/VIF**
Social Disclosure(SOD)	1.05	0.956851
Governance Disclosure(GOD)	1.03	0.971563
Mean VIF	1.60	

Source: Stata 13 Output (2026).

Table 4 presents the Variance Inflation Factor (VIF) results used to test for multicollinearity among the explanatory variables. The VIF values for social disclosure (1.05) and governance disclosure (1.03) are very low and far below the threshold value of 10. The mean VIF of 1.60 further confirms the absence of multicollinearity in the model. This indicates that the independent variables are sufficiently distinct and suitable for regression estimation. Therefore, the regression results can be considered reliable and statistically sound for further analysis.

Table 5: Test for Heteroskedasticity

Breusch-Pagan / Cook-Weisberg test for heteroscedasticity
Ho: Constant variance
Variables: fitted values of MPF
chi2(1) = 0.02 Prob> chi2 = 0.8954

Source: Stata 13 Output (2026)

Table 5 presents the Breusch–Pagan/Cook–Weisberg test for heteroskedasticity, which was conducted to determine whether the residuals of the model have constant variance. The result shows a probability value of 0.8954, which is greater than the 0.05 level of significance, indicating that the null hypothesis of constant variance cannot be rejected. This implies that the model does not suffer from heteroskedasticity. Therefore, the residuals are homoskedastic, suggesting that the regression estimates are reliable and the standard errors are unbiased for valid statistical inference.

Table 6: Hausman Specification Test

b = consistent under Ho and Ha; obtained from xtreg
B = inconsistent under Ha, efficient under Ho; obtained from xtreg
Test: Ho: difference in coefficients not systematic
chi2(5) = (b-B)'[(V_b-V_B)^(-1)](b-B)= 0.98
Prob>chi2 = 0.9641

Source: Stata Output (2026)

The Hausman specification test results show a chi-square value of 0.98 with a corresponding probability of 0.9641. This result is not statistically significant, meaning that the null hypothesis, that the differences in coefficients are not systematic, cannot be rejected. Consequently, there is no evidence of a systematic difference between the fixed effects and random effects estimators. This implies that the random effects model is more appropriate for the analysis, as it provides efficient and consistent estimates under the assumption that the unobserved individual effects are not correlated with the explanatory variables. Based on this outcome, the Lagrangian Multiplier test is recommended for further analysis.

Table 7: Breusch and Pagan Lagrangian Multiplier Test for Random Effects

Variable	**Var**	**sd = sqrt (Var)**
MPF	.0336778	.1835151
E	.032641	.1806683
U	.0056665	.0416383
Test : (u) = 0, chibar2(01) = 347.32, Prob > chibar2 = 0.0000		

Source: Stata 13 Output, (2026).

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The Breusch and Pagan Lagrangian Multiplier (LM) test for random effects produces a chibar² value of 347.32 with a probability value of 0.0000. This result is statistically significant at the 5% level, indicating that the null hypothesis of no panel effect (i.e., that the variance of the unobserved unit-specific effect is zero) is rejected. Consequently, there is evidence of significant panel-level heterogeneity in the data, meaning that pooled OLS is not appropriate for the analysis. Based on the decision rule, since the probability value is less than 0.05, the random effects model is preferred over the pooled OLS model for estimating the relationship among the variables, as it better accounts for individual-specific effects that are not captured by the pooled approach.

Table 8: Random Effect Regression

Market Performance (MPF)	**Coef.**	**Std. Err.**	**Z**	**P>|z|**
Social Disclosure (SOD)	.2028094	.067395	3.01	0.003
Governance Disclosure (GOD)	.1172918	.042948	2.73	0.006
-con	.010957	.051034	-2.21	0.030
R-square	0.6150			
Wald chi2(2)	23.83			
Prob > chi2	0.0002			

Source: Stata 13 Output (2026)

The random effect regression result was statistically significant (Wald $\chi^2 = 23.83$, $p = 0.0002$), indicating that Social Disclosure and Governance Disclosure jointly have a meaningful effect on Market Performance. The model explains about 61.5% of the variation in Market Performance, showing a good explanatory power of the specified variables over the study period.

Test of Hypotheses

Social Disclosure and Market Performance

H_{01}: Social disclosure has no significant effect on market performance of listed manufacturing firms in Nigeria.

The result shows that Social Disclosure (SOD) has a positive and statistically significant effect on Market Performance, with a coefficient of 0.2028 and a p-value of 0.003, which is below the 0.05 significance level. This implies that increases in social disclosure are associated with improved market performance among listed manufacturing firms in Nigeria; consequently, the null hypothesis (H_{01}) is rejected, indicating that social disclosure significantly enhances market performance in the study context.

Governance Disclosure and Market Performance

H_{02}: Economic disclosure has no significant effect on market performance of listed manufacturing firms in Nigeria.

The result in Table 8 indicates that governance disclosure (GOD) has a positive and statistically significant effect on market performance (MPF) of listed manufacturing firms in Nigeria, with a coefficient of 0.1173 and a p-value of 0.006, which is well below the 0.05 significance level. This implies that an improvement in governance disclosure is associated with an increase in market performance, suggesting that firms with stronger transparency, accountability, and governance-related reporting tend to achieve better market outcomes. The z-value of 2.73 further confirms the statistical strength of this relationship. Consequently, the null hypothesis (H_{02}), which states that governance disclosure has no significant effect on market performance, is rejected. This means that governance disclosure significantly influences the market performance of listed manufacturing firms in Nigeria.

Discussion of Findings

Social Disclosure and Market Performance

The result shows that Social Disclosure (SOD) has a positive and statistically significant effect on market performance, implying that improved social sustainability reporting enhances investor confidence and firm valuation among listed manufacturing firms. This finding is consistent with Qamruzzaman et al. (2021), Atanda et al. (2021), Fahad and Busru (2021), and Buallay et al. (2021), who reported that stronger social disclosure improves market perception and financial outcomes, while Worokinasih and Zaini (2020) and Machali (2020) found mixed or context-dependent effects, suggesting that social disclosure may not always translate into immediate performance gains. The result is strongly supported by Stakeholder Theory, which explains that firms enhance social disclosure to satisfy the expectations of employees, communities, and investors, thereby strengthening trust and improving market performance. The evidence confirms that social transparency plays a significant role in driving market value in Nigerian manufacturing firms.

Governance Disclosure and Market Performance

The result in Table 8 indicates that governance disclosure (GOD) has a positive and statistically significant effect on market performance (MPF) of listed manufacturing firms in Nigeria, implying that improved governance transparency enhances investor confidence and firm valuation. This finding aligns with Hussein (2021), Constantinescu (2021), Khanifa et al. (2020), and Assidi (2020), who reported that stronger governance disclosure improves market performance through enhanced accountability and reduced agency conflicts, while Worokinasih and Zaini (2020) and Oladeji and Agbesanya (2019) found mixed or weaker relationships depending on governance indicators and performance measures used. The result is strongly supported by Stakeholder Theory, which explains that governance disclosure helps firms meet stakeholder expectations for

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accountability, ethical conduct, and transparency, thereby strengthening trust and market responsiveness. The evidence confirms that governance sustainability disclosure significantly enhances market performance of listed manufacturing firms in Nigeria.

The constant term (0.010957) represents the baseline level of market performance when all explanatory variables are held constant at zero, indicating the expected level of market performance in the absence of the included predictors.

Conclusion and Recommendations

Based on the discussion of finding, this study concludes that social and governance sustainability reporting influence market performance of listed manufacturing firms in Nigeria within the period of this study. Therefore, the specific conclusion is that:

Social disclosure significantly enhances market performance of listed manufacturing firms in Nigeria, as it strengthens investor confidence and improves firm valuation.

Governance disclosure has a positive and significant effect on market performance, indicating that greater governance transparency improves investor confidence and firm value.

The study recommends that:

i. Regulatory agencies such as Financial Reporting Council of Nigeria (FRCN) and Nigeria Exchange Group (NGX) should enforce a standardized social reporting framework with strict compliance monitoring and periodic audits, while providing incentives such as tax reliefs and improved access to green financing to encourage higher-quality social disclosure.

ii. Security and Exchange Commission (SEC) and relevant policymakers should mandate a standardized governance disclosure framework with strict annual review mechanisms, while firms adopt digital reporting systems and benefit from continuous capacity-building programs to enhance transparency and market valuation outcomes.

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